

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 780
91ST GENERAL ASSEMBLY

Reported from the Committee on Commerce and Economic Development, April 9, 2001, with recommendation that the House Committee Substitute for House Bill No. 780 Do Pass.

TED WEDEL, Chief Clerk

1669L.05C

AN ACT

To repeal sections 67.1300, 67.1360, 135.208, 135.230, 135.411, 135.484, 135.500, 135.503, 135.516, 135.530, 208.770 and 620.1450, RSMo 2000, section 135.200 as enacted by conference committee substitute for senate substitute for senate committee substitute for house substitute for house committee substitute for house bill no. 701, ninetieth general assembly, first regular session, section 135.200 as enacted by conference committee substitute for house committee substitute for senate bill no. 1, eighty-ninth general assembly, second extraordinary session, and section 135.200 as enacted by senate substitute for senate committee substitute for house substitute for house committee substitute for house bill no. 1656, eighty-ninth general assembly, second regular session, relating to economic development, and to enact in lieu thereof thirteen new sections relating to the same subject.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 67.1300, 67.1360, 135.208, 135.230, 135.411, 135.484, 135.500,
2 135.503, 135.516, 135.530, 208.770 and 620.1450, RSMo 2000, section 135.200 as enacted by
3 conference committee substitute for senate substitute for senate committee substitute for house
4 substitute for house committee substitute for house bill no. 701, ninetieth general assembly, first
5 regular session, section 135.200 as enacted by conference committee substitute for house
6 committee substitute for senate bill no. 1, eighty-ninth general assembly, second extraordinary
7 session, and section 135.200 as enacted by senate substitute for senate committee substitute for
8 house substitute for house committee substitute for house bill no. 1656, eighty-ninth general

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

9 assembly, second regular session, are repealed and thirteen new sections enacted in lieu thereof,
10 to be known as sections 67.1300, 67.1360, 135.200, 135.208, 135.230, 135.411, 135.484,
11 135.500, 135.503, 135.516, 135.530, 208.770 and 620.1450, to read as follows:

67.1300. 1. The governing body of any of the contiguous counties of the third
2 classification without a township form of government enumerated in subdivisions (1) to (5) of
3 this subsection or in any county of the fourth classification acting as a county of the second
4 classification, having a population of at least forty thousand but less than forty-five thousand
5 with a state university, and adjoining a county of the first classification with part of a city with
6 a population of three hundred fifty thousand or more inhabitants **or a county of the third**
7 **classification with a township form of government and with a population of at least eight**
8 **thousand but less than eight thousand four hundred inhabitants** or a county of the third
9 classification with more than fifteen townships having a population of at least twenty-one
10 thousand inhabitants or a county of the third classification without a township form of
11 government and with a population of at least seven thousand four hundred but less than eight
12 thousand inhabitants or any county of the third classification with a population greater than three
13 thousand but less than four thousand or any county of the third classification with a population
14 greater than six thousand one hundred but less than six thousand four hundred or any county of
15 the third classification with a population greater than six thousand eight hundred but less than
16 seven thousand or any county of the third classification with a population greater than seven
17 thousand eight hundred but less than seven thousand nine hundred or any county of the third
18 classification with a population greater than eight thousand four hundred sixty but less than eight
19 thousand five hundred or any county of the third classification with a population greater than
20 nine thousand but less than nine thousand two hundred or any county of the third classification
21 with a population greater than ten thousand five hundred but less than ten thousand six hundred
22 or any county of the third classification with a population greater than twenty-three thousand five
23 hundred but less than twenty-three thousand seven hundred or a county of the third classification
24 with a population greater than thirty-three thousand but less than thirty-four thousand or a county
25 of the third classification with a population greater than twenty thousand eight hundred but less
26 than twenty-one thousand or a county of the third classification with a population greater than
27 fourteen thousand one hundred but less than fourteen thousand five hundred or a county of the
28 third classification with a population greater than twenty thousand eight hundred fifty but less
29 than twenty-two thousand or a county of the third classification with a population greater than
30 thirty-nine thousand but less than forty thousand or a county of the third classification with a
31 township form of organization and a population greater than twenty-eight thousand but less than
32 twenty-nine thousand or a county of the third classification with a population greater than fifteen
33 thousand but less than fifteen thousand five hundred or a county of the third classification with

34 a population greater than eighteen thousand but less than nineteen thousand seventy or a county
35 of the third classification with a population greater than thirteen thousand nine hundred but less
36 than fourteen thousand four hundred or a county of the third classification with a population
37 greater than twenty-seven thousand but less than twenty-seven thousand five hundred or a county
38 of the first classification without a charter form of government and a population of at least eighty
39 thousand but not greater than eighty-three thousand or a county of the third classification with
40 a population greater than fifteen thousand but less than fifteen thousand nine hundred without
41 a township form of government which does not adjoin any county of the first, second or fourth
42 classification or a county of the third classification with a population greater than twenty-three
43 thousand but less than twenty-five thousand without a township form of government which does
44 not adjoin any county of the second or fourth classification and does adjoin a county of the first
45 classification with a population greater than one hundred twenty thousand but less than one
46 hundred fifty thousand or in any county of the fourth classification acting as a county of the
47 second classification, having a population of at least forty-eight thousand or any governing body
48 of a municipality located in any of such counties may impose, by ordinance or order, a sales tax
49 on all retail sales made in such county or municipality which are subject to taxation pursuant to
50 the provisions of sections 144.010 to 144.525, RSMo:

51 (1) A county with a population of at least four thousand two hundred inhabitants but not
52 more than four thousand five hundred inhabitants;

53 (2) A county with a population of at least four thousand seven hundred inhabitants but
54 not more than four thousand nine hundred inhabitants;

55 (3) A county with a population of at least seven thousand three hundred inhabitants but
56 not more than seven thousand six hundred inhabitants;

57 (4) A county with a population of at least ten thousand one hundred inhabitants but not
58 more than ten thousand three hundred inhabitants; and

59 (5) A county with a population of at least four thousand three hundred inhabitants but
60 not more than four thousand five hundred inhabitants.

61 2. The maximum rate for a sales tax pursuant to this section shall be one percent for
62 municipalities and one-half of one percent for counties.

63 3. The tax authorized by this section shall be in addition to any and all other sales taxes
64 allowed by law, except that no ordinance or order imposing a sales tax pursuant to the provisions
65 of this section shall be effective unless the governing body of the county or municipality submits
66 to the voters of the county or municipality, at a regularly scheduled county, municipal or state
67 general or primary election, a proposal to authorize the governing body of the county or
68 municipality to impose a tax. Any sales tax imposed pursuant to this section shall not be
69 authorized for a period of more than five years.

70 4. Such proposal shall be submitted in substantially the following form:

71 Shall the (city, town, village or county) of impose a sales tax of (insert
72 amount) for the purpose of economic development in the (city, town, village or county)?

73 ☐ YES ☐ NO

74

75 If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor
76 of the proposal, then the ordinance or order and any amendments thereto shall be in effect on the
77 first day of the second quarter after the director of revenue receives notice of adoption of the tax.

78 If a majority of the votes cast by the qualified voters voting are opposed to the proposal, then the
79 governing body of the county or municipality shall not impose the sales tax authorized in this
80 section until the governing body of the county or municipality resubmits another proposal to
81 authorize the governing body of the county or municipality to impose the sales tax authorized
82 by this section and such proposal is approved by a majority of the qualified voters voting
83 thereon; however no such proposal shall be resubmitted to the voters sooner than twelve months
84 from the date of the submission of the last such proposal.

85 5. All revenue received by a county or municipality from the tax authorized pursuant to
86 the provisions of this section shall be deposited in a special trust fund and shall be used solely
87 for economic development purposes within such county or municipality for so long as the tax
88 shall remain in effect.

89 6. Once the tax authorized by this section is abolished or is terminated by any means, all
90 funds remaining in the special trust fund shall be used solely for economic development purposes
91 within the county or municipality. Any funds in such special trust fund which are not needed for
92 current expenditures may be invested by the governing body in accordance with applicable laws
93 relating to the investment of other county or municipal funds.

94 7. All sales taxes collected by the director of revenue pursuant to this section on behalf
95 of any county or municipality, less one percent for cost of collection which shall be deposited
96 in the state's general revenue fund after payment of premiums for surety bonds as provided in
97 section 32.087, RSMo, shall be deposited in a special trust fund, which is hereby created, to be
98 known as the "Local Economic Development Sales Tax Trust Fund".

99 8. The moneys in the local economic development sales tax trust fund shall not be
100 deemed to be state funds and shall not be commingled with any funds of the state. The director
101 of revenue shall keep accurate records of the amount of money in the trust fund and which was
102 collected in each county or municipality imposing a sales tax pursuant to this section, and the
103 records shall be open to the inspection of officers of the county or municipality and the public.

104 9. Not later than the tenth day of each month the director of revenue shall distribute all
105 moneys deposited in the trust fund during the preceding month to the county or municipality

which levied the tax. Such funds shall be deposited with the county treasurer of each such county or the appropriate municipal officer in the case of a municipal tax, and all expenditures of funds arising from the local economic development sales tax trust fund shall be by an appropriation act to be enacted by the governing body of each such county or municipality. Expenditures may be made from the fund for any economic development purposes authorized in the ordinance or order adopted by the governing body submitting the tax to the voters.

10. The director of revenue may authorize the state treasurer to make refunds from the amounts in the trust fund and credited to any county or municipality for erroneous payments and overpayments made, and may redeem dishonored checks and drafts deposited to the credit of such counties and municipalities.

11. If any county or municipality abolishes the tax, the county or municipality shall notify the director of revenue of the action at least ninety days prior to the effective date of the repeal and the director of revenue may order retention in the trust fund, for a period of one year, of two percent of the amount collected after receipt of such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of the tax in such county or municipality, the director of revenue shall remit the balance in the account to the county or municipality and close the account of that county or municipality. The director of revenue shall notify each county or municipality of each instance of any amount refunded or any check redeemed from receipts due the county or municipality.

12. Except as modified in this section, all provisions of sections 32.085 and 32.087, RSMo, shall apply to the tax imposed pursuant to this section.

13. For purposes of this section, the term "economic development" is limited to the following:

(1) Operations of economic development or community development offices, including the salaries of employees;

(2) Provision of training for job creation or retention;

(3) Provision of infrastructure and sites for industrial development or for public infrastructure projects; and

(4) Refurbishing of existing structures and property relating to community development.

67.1360. The governing body of a city with a population of more than seven thousand and less than seven thousand five hundred and a county with a population of over nine thousand six hundred and less than twelve thousand which has a total assessed valuation of at least sixty-three million dollars, if the county submits the issue to the voters of such county prior to January 1, 2003, or a third class city which is the county seat of a county of the third classification without a township form of government with a population of at least twenty-five

7 thousand but not more than thirty thousand inhabitants, or any fourth class city having, according
8 to the last federal decennial census, a population of more than one thousand eight hundred fifty
9 inhabitants but less than one thousand nine hundred fifty inhabitants in a county of the first
10 classification with a charter form of government and having a population of greater than six
11 hundred thousand but less than nine hundred thousand inhabitants, or any city having a
12 population of more than three thousand but less than eight thousand inhabitants in a county of
13 the fourth classification having a population of greater than forty-eight thousand inhabitants, or
14 any city having a population of less than two hundred fifty inhabitants in a county of the fourth
15 classification having a population of greater than forty-eight thousand inhabitants, or any fourth
16 class city having a population of more than two thousand five hundred but less than three
17 thousand inhabitants in a county of the third classification having a population of more than
18 twenty-five thousand but less than twenty-seven thousand inhabitants, or any third class city with
19 a population of more than three thousand two hundred but less than three thousand three hundred
20 located in a county of the third classification having a population of more than thirty-five
21 thousand but less than thirty-six thousand, or any county of the second classification without a
22 township form of government and a population of less than thirty thousand or any city of the
23 fourth class in a county of the second classification without a township form of government and
24 a population of less than thirty thousand, or any county of the third classification with a township
25 form of government and a population of at least twenty-eight thousand but not more than thirty
26 thousand and any city of the fourth class with a population of more than one thousand eight
27 hundred but less than two thousand in a county of the third classification with a township form
28 of government and a population of at least twenty- eight thousand but not more than thirty
29 thousand, or any city of the third class with a population of more than seven thousand two
30 hundred but less than seven thousand five hundred within a county of the third classification with
31 a population of more than twenty-one thousand but less than twenty-three thousand, or any fourth
32 class city having a population of more than two thousand eight hundred but less than three
33 thousand one hundred inhabitants in a county of the third classification with a township form of
34 government having a population of more than eight thousand four hundred but less than nine
35 thousand inhabitants **or any county of the second classification with a population of more**
36 **than forty-four thousand but less than fifty thousand inhabitants** may impose a tax on the
37 charges for all sleeping rooms paid by the transient guests of hotels, motels, bed and breakfast
38 inns and campgrounds and any docking facility which rents slips to recreational boats which are
39 used by transients for sleeping, which shall be at least two percent, but not more than five percent
40 per occupied room per night, except that such tax shall not become effective unless the
41 governing body of the city or county submits to the voters of the city or county at a state general,
42 primary or special election, a proposal to authorize the governing body of the city or county to

43 impose a tax pursuant to the provisions of this section and section 67.1362. The tax authorized
44 by this section and section 67.1362 shall be in addition to any charge paid to the owner or
45 operator and shall be in addition to any and all taxes imposed by law and the proceeds of such
46 tax shall be used by the city or county solely for funding the promotion of tourism. Such tax
47 shall be stated separately from all other charges and taxes.

135.200. The following terms, whenever used in sections 135.200 to [135.256] **135.257**,
2 mean:

- 3 (1) "Department", the department of economic development;
- 4 (2) "Director", the director of the department of economic development;
- 5 (3) "Facility", any building used as a revenue-producing enterprise located within an
6 enterprise zone, including the land on which the facility is located and all machinery, equipment
7 and other real and depreciable tangible personal property acquired for use at and located at or
8 within such facility and used in connection with the operation of such facility;
- 9 (4) "Governing authority", the body holding primary legislative authority over a county
10 or incorporated municipality;
- 11 (5) "New business facility" shall have the meaning defined in section 135.100, except
12 that the term "lease" as used therein shall not include the leasing of property defined in paragraph
13 (d) of subdivision (6) of this section;
- 14 (6) "Revenue-producing enterprise" means:
 - 15 (a) Manufacturing activities classified as SICs 20 through 39;
 - 16 (b) Agricultural activities classified as SIC 025;
 - 17 (c) Rail transportation terminal activities classified as SIC 4013;
 - 18 (d) Renting or leasing of residential property to low and moderate income persons as
19 defined in federal law, 42 U.S.C. 5302(a)(20);
 - 20 (e) Motor freight transportation terminal activities classified as SIC 4231;
 - 21 (f) Public warehousing and storage activities classified as SICs 422 and 423 except SIC
22 4221, miniwarehouse warehousing and warehousing self-storage;
 - 23 (g) Water transportation terminal activities classified as SIC 4491;
 - 24 (h) **Airports, flying fields and airport terminal services classified as SIC 4581;**
 - 25 (i) Wholesale trade activities classified as SICs 50 and 51;
 - 26 [(i)] (j) Insurance carriers activities classified as SICs 631, 632 and 633;
 - 27 [(j)] (k) Research and development activities classified as SIC 873, except 8733;
 - 28 [(k)] (l) Farm implement dealer activities classified as SIC 5999;
 - 29 [(l)] (m) Employment agency activities classified as SIC 7361;
 - 30 [(m)] (n) Computer programming, data processing and other computer-related activities
31 classified as SIC 737;

32 [(n)] (o) Health service activities classified as SICs 801, 802, 803, 804, 806, 807, 8092
33 and 8093;

34 [(o)] (p) Interexchange telecommunications as defined in subdivision [(20)] (24) of
35 section 386.020, RSMo, or training activities conducted by an interexchange telecommunications
36 company as defined in subdivision [(19)] (23) of section 386.020, RSMo;

37 [(p)] (q) Recycling activities classified as SIC 5093;

38 [(q)] (r) Banking activities classified as SICs 602 and 603;

39 [(r)] (s) Office activities as defined in subdivision (8) of section 135.100,
40 notwithstanding SIC classification;

41 [(s)] (t) Mining activities classified as SICs 10 through 14;

42 [(t)] (u) Photofinishing laboratory activities classified in SIC 7384 and microfilm
43 recording and developing services as contained in SIC classification 7389, provided that each
44 such revenue-producing enterprise employs a minimum of one hundred employees at a single
45 business facility;

46 [(u)] (v) The administrative management of any of the foregoing activities; [or]

47 [(v)] (w) Any combination of any of the foregoing activities;

48 (x) **Hotel and motel activities located within a federally-designated champion**
49 **community which is located in a city of the fourth classification with a population of more**
50 **than four thousand located in a county of the third classification without a township form**
51 **of government and with a population of more than thirteen thousand and less than thirteen**
52 **thousand eight hundred and classified as SIC 700 or NAICS 72111;**

53

54 **A revenue-producing enterprise which is identified by a SIC classification number includes**
55 **enterprises with the corresponding classification number in the 1997 edition of the North**
56 **American Industry Classification System as prepared by the Executive Office of the**
57 **President of the United States, Office of Management and Budget;**

58 (7) "Satellite zone", a noncontiguous addition to an existing state designated enterprise
59 zone;

60 (8) "SIC", the **primary** standard industrial classification as such classifications are
61 defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the
62 Executive Office of the President, Office of Management and Budget. **For the purpose of this**
63 **subdivision, "primary" means at least fifty percent of the activities so classified are**
64 **performed at the new business facility during the taxpayer's tax period in which such tax**
65 **credits are being claimed.**

2 [135.200. The following terms, whenever used in sections 135.200 to
135.256, mean:

- (1) "Department", the department of economic development;
- (2) "Director", the director of the department of economic development;
- (3) "Facility", any building used as a revenue-producing enterprise located within an enterprise zone, including the land on which the facility is located and all machinery, equipment and other real and depreciable tangible personal property acquired for use at and located at or within such facility and used in connection with the operation of such facility;
- (4) "Governing authority", the body holding primary legislative authority over a county or incorporated municipality;
- (5) "New business facility" shall have the meaning defined in section 135.100, except that the term "lease" as used therein shall not include the leasing of property defined in paragraph (d) of subdivision (6) of this section;
- (6) "Revenue-producing enterprise", means:
- (a) Manufacturing activities classified as SICs 20 through 39;
 - (b) Agricultural activities classified as SIC 025;
 - (c) Rail transportation terminal activities classified as SIC 4013;
 - (d) Renting or leasing of residential property to low- and moderate- income persons as defined in federal law, 42 U.S.C. 5302(a)(20);
 - (e) Motor freight transportation terminal activities classified as SIC 4231;
 - (f) Public warehousing and storage activities classified as SICs 422 and 423 except SIC 4221, miniwarehouse warehousing and warehousing self-storage;
 - (g) Water transportation terminal activities classified as SIC 4491;
 - (h) Airports, flying fields, and airport terminal services classified as SIC 4581;
 - (i) Wholesale trade activities classified as SICs 50 and 51;
 - (j) Insurance carriers activities classified as SICs 631, 632 and 633;
 - (k) Research and development activities classified as SIC 873, except 8733;
 - (l) Farm implement dealer activities classified as SIC 5999;
 - (m) Employment agency activities classified as SIC 7361;
 - (n) Computer programming, data processing and other computer-related activities classified as SIC 737;
 - (o) Health service activities classified as SICs 801, 802, 803, 804, 806, 807, 8092 and 8093;
 - (p) Interexchange telecommunications as defined in subdivision (20) of section 386.020, RSMo, or training activities conducted by an interexchange telecommunications company as defined in subdivision (19) of section 386.020, RSMo;
 - (q) Recycling activities classified as SIC 5093;
 - (r) Banking activities classified as SICs 602 and 603;
 - (s) Office activities as defined in subdivision (8) of section 135.100, notwithstanding SIC classification;
 - (t) Mining activities classified as SICs 10 through 14;
 - (u) The administrative management of any of the foregoing activities; or

46 (v) Any combination of any of the foregoing activities;

47 (7) "Satellite zone", a noncontiguous addition to an existing state designated
48 enterprise zone;

49 (8) "SIC", the standard industrial classification as such classifications are
50 defined in the 1987 edition of the Standard Industrial Classification Manual as
51 prepared by the Executive Office of the President, Office of Management and
52 Budget.]

2 [135.200. The following terms, whenever used in sections 135.200 to
135.256, mean:

3 (1) "Department", the department of economic development;

4 (2) "Director", the director of the department of economic development;

5 (3) "Facility", any building used as a revenue-producing enterprise located
6 within an enterprise zone, including the land on which the facility is located and all
7 machinery, equipment and other real and depreciable tangible personal property
8 acquired for use at and located at or within such facility and used in connection with
9 the operation of such facility;

10 (4) "Governing authority", the body holding primary legislative authority
11 over a county or incorporated municipality;

12 (5) "New business facility" shall have the meaning defined in section
13 135.100, except that the term "lease" as used therein shall not include the leasing of
14 property defined in paragraph (d) of subdivision (6) of this section;

15 (6) "Revenue-producing enterprise", means:

16 (a) Manufacturing activities classified as SICs 20 through 39;

17 (b) Agricultural activities classified as SIC 025;

18 (c) Rail transportation terminal activities classified as SIC 4013;

19 (d) Renting or leasing of residential property to low and moderate income
20 persons as defined in federal law, 42 U.S.C. 5302(a)(20);

21 (e) Motor freight transportation terminal activities classified as SIC 4231;

22 (f) Public warehousing and storage activities classified as SICs 422 and 423
23 except SIC 4221, miniwarehouse warehousing and warehousing self-storage;

24 (g) Water transportation terminal activities classified as SIC 4491;

25 (h) Wholesale trade activities classified as SICs 50 and 51;

26 (i) Insurance carriers activities classified as SICs 631, 632 and 633;

27 (j) Research and development activities classified as SIC 873, except 8733;

28 (k) Farm implement dealer activities classified as SIC 5999;

29 (l) Employment agency activities classified as SIC 7361;

30 (m) Computer programming, data processing and other computer-related
31 activities classified as SIC 737;

32 (n) Health service activities classified as SICs 801, 802, 803, 804, 806, 807,
33 8092 and 8093;

34 (o) Interexchange telecommunications as defined in subdivision (20) of
35 section 386.020, RSMo, or training activities conducted by an interexchange
36 telecommunications company as defined in subdivision (19) of section 386.020,

37 RSMo;
38 (p) Recycling activities classified as SIC 5093;
39 (q) Banking activities classified as SICs 602 and 603;
40 (r) Office activities as defined in subdivision (8) of section 135.100,
41 notwithstanding SIC classification;
42 (s) Mining activities classified as SICs 10 through 14;
43 (t) The administrative management of any of the foregoing activities; or
44 (u) Any combination of any of the foregoing activities;
45 (7) "Satellite zone", a noncontiguous addition to an existing state designated
46 enterprise zone;
47 (8) "SIC", the primary standard industrial classification as such
48 classifications are defined in the 1987 edition of the Standard Industrial
49 Classification Manual as prepared by the Executive Office of the President, Office
50 of Management and Budget. For the purpose of this subdivision, "primary" means
51 at least fifty percent of the activities so classified are performed at the new business
52 facility during the taxpayer's tax period in which such tax credits are being claimed.]

135.208. 1. In addition to the number of enterprise zones authorized under the
2 provisions of sections 135.206 and 135.210, the department of economic development shall
3 designate one such zone in any county of the third class which is south of the Missouri River and
4 which adjoins one county of the second class and also the state of Oklahoma. Such designation
5 shall only be made if the area of the county which is to be included in the enterprise zone meets
6 all the requirements of section 135.205.

7 2. In addition to the number of enterprise zones authorized under the provisions of
8 sections 135.206 and 135.210, the department of economic development shall designate one such
9 zone in any county of the third class which borders the Missouri River and which adjoins a
10 county of the second class with a population of at least one hundred thousand inhabitants and
11 which contains a branch of the state university. Such designation shall only be made if the area
12 of the county which is to be included in the enterprise zone meets all the requirements of section
13 135.205.

14 3. In addition to the number of enterprise zones authorized under the provisions of
15 sections 135.206, 135.210 and 135.256, the department of economic development shall designate
16 one such zone in every county of the third class without a township form of government with a
17 population of more than seven thousand eight hundred but less than ten thousand inhabitants
18 located south of the Missouri River, which adjoins one third class county with a township form
19 of government, and which adjoins no first or second class county. Such enterprise zone
20 designation shall only be made if the area in the county which is to be included in the enterprise
21 zone meets all the requirements of section 135.205.

22 4. In addition to the number of enterprise zones authorized pursuant to the provisions
23 of sections 135.206, 135.210 and 135.256, the department of economic development shall

24 designate one such zone in a city of the third class with a population of more than eight thousand
25 but less than ten thousand located in a county of the third classification with a township form of
26 government with a population of more than twenty thousand but less than twenty-two thousand.
27 Such enterprise zone designation shall only be made if the area in the city which is to be included
28 in the enterprise zone meets all the requirements of section 135.205.

29 5. In addition to the number of enterprise zones authorized pursuant to the provisions
30 of sections 135.206, 135.210 and 135.256, the department of economic development shall
31 designate one such zone for any city with a home rule form of government and a population of
32 at least one hundred ten thousand inhabitants but not more than one hundred thirty thousand
33 inhabitants. Such enterprise zone designation shall only be made if the area in the city which is
34 to be included in the enterprise zone meets all the requirements of section 135.205.

35 6. In addition to the number of enterprise zones authorized pursuant to the provisions
36 of sections 135.206, 135.210 and 135.256, the department of economic development shall
37 designate one such zone for any county of the first classification without a charter form of
38 government with a population of less than thirty thousand inhabitants. Such enterprise zone
39 designation shall only be made if the area in the city which is to be included in the enterprise
40 zone meets all the requirements of section 135.205.

41 7. In addition to the number of enterprise zones authorized pursuant to the provisions
42 of sections 135.206, 135.210, 135.256 and 135.257, the department of economic development
43 shall designate one such zone in a city of the fourth classification with a population of at least
44 three thousand but less than four thousand inhabitants located in a county of the second
45 classification with a population of at least twenty thousand but not more than twenty-five
46 thousand inhabitants. Such enterprise zone designation shall only be made if such area which
47 is to be included in the enterprise zone meets all the requirements of section 135.205.

48 8. In addition to the number of enterprise zones authorized pursuant to the provisions
49 of sections 135.206, 135.210, 135.256 and 135.257, the department of economic development
50 shall designate one such zone for any area that includes property in two adjoining counties where
51 one county is a county of the third classification without a township form of government with
52 a population of less than sixteen thousand three hundred and more than sixteen thousand
53 inhabitants and the other county is a county of the first classification having a population of at
54 least one hundred seventy-one thousand but less than one hundred seventy-two thousand
55 inhabitants. Such enterprise zone designation shall only be made if such area which is to be
56 included in the enterprise zone meets all the requirements of section 135.205.

57 9. In addition to the number of enterprise zones authorized pursuant to the provisions
58 of sections 135.206, 135.210 and 135.256, the department of economic development shall
59 designate one such zone in a city of the fourth class with a population of more than four thousand

60 located in a county of the third classification with a township form of government and with a
61 population of less than thirteen thousand. Such enterprise zone designation shall only be made
62 if the area in the city which is to be included in the enterprise zone meets all the requirements
63 of section 135.205.

64 10. In addition to the number of enterprise zones authorized pursuant to the provisions
65 of sections 135.206, 135.210 and 135.256, the department of economic development shall
66 designate one such zone in a city of the fourth class with a population of more than two thousand
67 nine hundred located in a county of the third classification without a township form of
68 government with a population of less than twelve thousand and more than eleven thousand seven
69 hundred inhabitants. Such enterprise zone designation shall only be made if the area in the city
70 which is to be included in the enterprise zone meets all the requirements of section 135.205.

71 11. In addition to the number of enterprise zones authorized pursuant to the provisions
72 of sections 135.206, 135.210 and 135.256, the department of economic development shall
73 designate one such zone in a county of the third classification without a township form of
74 government with a population of less than twenty-four thousand five hundred and more than
75 twenty-four thousand inhabitants. Such enterprise zone designation shall only be made if the
76 area in the county which is to be included in the enterprise zone meets all the requirements of
77 section 135.205.

78 **12. In addition to the number of enterprise zones authorized pursuant to the**
79 **provisions of sections 135.206, 135.210 and 135.256, the department of economic**
80 **development shall designate one such zone in a home rule city with a population of at least**
81 **twelve thousand but less than thirteen thousand inhabitants and located in a county of the**
82 **first classification with a charter form of government and a population of more than nine**
83 **hundred thousand inhabitants; another such zone in a fourth class city with a population**
84 **of at least six hundred but less than seven hundred inhabitants and located in a county of**
85 **the first classification with a charter form of government and a population of more than**
86 **nine hundred thousand inhabitants; another such zone in a fourth class city with a**
87 **population of at least fourteen hundred but less than fifteen hundred inhabitants and**
88 **located in a county of the first classification with a charter form of government and a**
89 **population of more than nine hundred thousand inhabitants; another such zone in a home**
90 **rule city with a population of at least twenty-two thousand five hundred but less than**
91 **twenty-three thousand five hundred inhabitants and located in a county of the first**
92 **classification with a population of at least nine hundred thousand inhabitants; another**
93 **such zone in a third class city with a population of at least fifteen thousand eight hundred**
94 **but less than sixteen thousand inhabitants and located in a county of the first classification**
95 **with a population of at least nine hundred thousand inhabitants; another such zone in a**

96 **fourth class city with a population of at least two thousand six hundred but less than two**
97 **thousand eight hundred inhabitants and located in a county of the first classification with**
98 **a charter form of government and a population of at least nine hundred thousand**
99 **inhabitants; another such zone in a fourth class city with a population of at least five**
100 **thousand but less than five thousand two hundred inhabitants and located in a county of**
101 **the first classification with a charter form of government and a population of at least nine**
102 **hundred thousand inhabitants; and another such zone in a fourth class city with a**
103 **population of at least four thousand nine hundred but less than five thousand one hundred**
104 **inhabitants and located in a county of the first classification with a charter form of**
105 **government and a population of at least nine hundred thousand inhabitants. Such**
106 **enterprise zone designation shall only be made if the area in the county which is to be**
107 **included in the enterprise zone meets all the requirements of section 135.205.**

135.230. 1. The exemption or credit established and allowed by section 135.220 and the
2 credits allowed and established by subdivisions (1), (2), (3) and (4) of subsection 1 of section
3 135.225 shall be granted with respect to any new business facility located within an enterprise
4 zone for a vested period not to exceed ten years following the date upon which the new business
5 facility commences operation within the enterprise zone and such exemption shall be calculated,
6 for each succeeding year of eligibility, in accordance with the formulas applied in the initial year
7 in which the new business facility is certified as such, subject, however, to the limitation that all
8 such credits allowed in sections 135.225 and 135.235 and the exemption allowed in section
9 135.220 shall be removed not later than fifteen years after the enterprise zone is designated as
10 such. No credits shall be allowed pursuant to subdivision (1), (2), (3) or (4) of subsection 1 of
11 section 135.225 or section 135.235 and no exemption shall be allowed pursuant to section
12 135.220 unless the number of new business facility employees engaged or maintained in
13 employment at the new business facility for the taxable year for which the credit is claimed
14 equals or exceeds two or the new business facility is a revenue-producing enterprise as defined
15 in paragraph (d) of subdivision (6) of section 135.200. In order to qualify for either the
16 exemption pursuant to section 135.220 or the credit pursuant to subdivision (4) of subsection 1
17 of section 135.225, or both, it shall be required that at least thirty percent of new business facility
18 employees, as determined by subsection 4 of section 135.110, meet the criteria established in
19 section 135.240 or are residents of an enterprise zone or some combination thereof, except
20 taxpayers who establish a new business facility by operating a revenue-producing enterprise as
21 defined in paragraph (d) of subdivision (6) of section 135.200 or any taxpayer that is an
22 insurance company that established a new business facility satisfying the requirements of
23 subdivision (8) of section 135.100 located within an enterprise zone after June 30, 1993, and
24 before December 31, 1994, and that employs in excess of three hundred fifty new business

25 facility employees at such facility each tax period for which the credits allowable pursuant to
26 subdivisions (1) to (4) of subsection 1 of section 135.225 are claimed shall not be required to
27 meet such requirement. A new business facility described as SIC 3751 shall be required to
28 employ fifteen percent of such employees instead of the required thirty percent. For the purpose
29 of satisfying the thirty-percent requirement, residents must have lived in the enterprise zone for
30 a period of at least one full calendar month and must have been employed at the new business
31 facility for at least one full calendar month, and persons qualifying because they meet the
32 requirements of section 135.240 must have satisfied such requirement at the time they were
33 employed by the new business facility and must have been employed at the new business facility
34 for at least one full calendar month. The director may temporarily reduce or waive this
35 requirement for any business in an enterprise zone with ten or less full-time employees, and for
36 businesses with eleven to twenty full-time employees this requirement may be temporarily
37 reduced. No reduction or waiver may be granted for more than one tax period and shall not be
38 renewable. The exemptions allowed in sections 135.215 and 135.220 and the credits allowed
39 in sections 135.225 and 135.235 and the refund established and authorized in section 135.245
40 shall not be allowed to any "public utility", as such term is defined in section 386.020, RSMo.

41 2. Notwithstanding the provisions of subsection 1 of this section, motor carriers, barge
42 lines or railroads engaged in transporting property for hire or any interexchange
43 telecommunications company that establish a new business facility shall be eligible to qualify
44 for the exemptions allowed in sections 135.215 and 135.220, and the credits allowed in sections
45 135.225 and 135.235 and the refund established and authorized in section 135.245, except that
46 trucks, truck-trailers, truck semitrailers, rail or barge vehicles or other rolling stock for hire,
47 track, switches, bridges, barges, tunnels, rail yards and spurs shall not constitute new business
48 facility investment nor shall truck drivers or rail or barge vehicle operators constitute new
49 business facility employees.

50 3. Notwithstanding any other provision of sections 135.200 to 135.256 to the contrary,
51 motor carriers establishing a new business facility on or after January 1, 1993, but before January
52 1, 1995, may qualify for the tax credits available pursuant to sections 135.225 and 135.235 and
53 the exemption provided in section 135.220, even if such new business facility has not satisfied
54 the employee criteria, provided that such taxpayer employs an average of at least two hundred
55 persons at such facility, exclusive of truck drivers and provided that such taxpayer maintains an
56 average investment of at least ten million at such facility, exclusive of rolling stock, during the
57 tax period for which such credits and exemption are being claimed.

58 4. Any governing authority having jurisdiction of an area that has been designated an
59 enterprise zone may petition the department to expand the boundaries of such existing enterprise
60 zone. The director may approve such expansion if the director finds that:

61 (1) The area to be expanded meets the requirements prescribed in section 135.207 or
62 135.210, whichever is applicable;

63 (2) The area to be expanded is contiguous to the existing enterprise zone;

64 (3) The number of expansions do not exceed three after August 28, 1994.

65 5. Notwithstanding the fifteen-year limitation as prescribed in subsection 1 of this
66 section, any governing authority having jurisdiction of an area that has been designated as an
67 enterprise zone by the director, except one designated pursuant to this subsection, may file a
68 petition, as prescribed by the director, for redesignation of such area for an additional period not
69 to exceed seven years following the fifteenth anniversary of the enterprise zone's initial
70 designation date; provided:

71 (1) The petition is filed with the director within three years prior to the date the tax
72 credits authorized in sections 135.225 and 135.235 and the exemption allowed in section
73 135.220 are required to be removed pursuant to subsection 1 of this section;

74 (2) The governing authority identifies and conforms the boundaries of the area to be
75 designated a new enterprise zone to the political boundaries established by the latest decennial
76 census, unless otherwise approved by the director;

77 (3) The area satisfies the requirements prescribed in subdivisions (3), (4) and (5) of
78 section 135.205 according to the latest decennial census or other appropriate source as approved
79 by the director;

80 (4) The governing authority satisfies the requirements prescribed in sections 135.210,
81 135.215 and 135.255;

82 (5) The director finds that the area is unlikely to support reasonable tax assessment or
83 to experience reasonable economic growth without such designation; and

84 (6) The director's recommendation that the area be designated as an enterprise zone, is
85 approved by the joint committee on economic development policy and planning, as otherwise
86 required in subsection 3 of section 135.210.

87 6. Any taxpayer having established a new business facility in an enterprise zone except
88 one designated pursuant to subsection 5 of this section, who did not earn the tax credits
89 authorized in sections 135.225 and 135.235 and the exemption allowed in section 135.220 for
90 the full ten-year period because of the fifteen-year limitation as prescribed in subsection 1 of this
91 section, shall be granted such benefits for ten tax years, less the number of tax years the benefits
92 were claimed or could have been claimed prior to the expiration of the original fifteen-year
93 period, except that such tax benefits shall not be earned for more than seven tax periods during
94 the ensuing seven-year period, provided the taxpayer continues to operate the new business
95 facility in an area that is designated an enterprise zone pursuant to subsection 5 of this section.
96 Any taxpayer who establishes a new business facility subsequent to the commencement of the

97 ensuing seven-year period, as authorized in subsection 5 of this section, may qualify for the tax
98 credits authorized in sections 135.225 and 135.235, and the exemptions authorized in sections
99 135.215 and 135.220, pursuant to the same terms and conditions as prescribed in sections
100 135.100 to 135.256. The designation of any enterprise zone pursuant to subsection 5 of this
101 section shall not be subject to the fifty enterprise zone limitation imposed in subsection 4 of
102 section 135.210.

103 **7. Any employee of a new business facility with an NAICS 336991 as described in**
104 **this section who was a resident of an enterprise zone for at least one full calendar month**
105 **on the date of employment and who has been employed at the new business facility, and**
106 **who remains a resident of the enterprise zone for at least three months following the**
107 **commencement of employment, may be counted as an enterprise zone resident for the**
108 **purposes of this section regardless of whether such person continues to reside in an**
109 **enterprise zone, as long as the employee remains employed by the new business facility and**
110 **resides in Missouri.**

135.411. The amount of the qualified investment made in a Missouri small business
2 must remain in that business for a minimum of five years **and, if the business is in a distressed**
3 **community, it must remain in the distressed community for a minimum of five years.**
4 Withdrawal of the investment prior to the minimum [five-year] period shall result in revocation
5 of the tax credit, and repayment of any amounts of the tax credit already applied against the
6 investor's state tax liability, **but the department may pro rate the revocation or repayment**
7 **authorized by this section. The sale, change in control or going public of a business shall**
8 **not trigger such a revocation if the business continues to operate.**

135.484. 1. Beginning January 1, 2000, tax credits shall be allowed pursuant to section
2 135.481 in an amount not to exceed sixteen million dollars per year. Of this total amount of tax
3 credits in any given year, eight million dollars shall **initially** be set aside for projects in areas
4 described in subdivision (6) of section 135.478 and eight million dollars for projects in areas
5 described in subdivision (10) of section 135.478. **If, by October first of any calendar year,**
6 **the director has issued all eight million dollars of tax credits allowed for projects in areas**
7 **described in subdivision (6) of section 135.478, but not for projects in areas described in**
8 **subdivision (10) of section 135.478, or vice versa, the director shall reallocate seventy**
9 **percent of any unused credits for issuance to taxpayers which:**

10 **(1) Are engaged in projects in the area in which tax credits totaling eight million**
11 **dollars have already been issued for the same year; and**

12 **(2) Have already applied for, but have not yet been issued, tax credits pursuant to**
13 **section 135.487 for the same year.**

14

15 **Reallocated credits shall be issued pursuant to section 135.487; except that, the maximum**
16 **reallocated tax credit for any project shall not exceed five hundred sixty thousand dollars.**

17 The maximum tax credit for a project consisting of multiple-unit qualifying residences in a
18 distressed community shall not exceed three million dollars.

19 2. Any amount of credit which exceeds the tax liability of a taxpayer for the tax year in
20 which the credit is first claimed may be carried back to any of the taxpayer's three prior tax years
21 and carried forward to any of the taxpayer's five subsequent tax years. A certificate of tax credit
22 issued to a taxpayer by the department may be assigned, transferred, sold or otherwise conveyed.
23 Whenever a certificate of tax credit is assigned, transferred, sold or otherwise conveyed, a
24 notarized endorsement shall be filed with the department specifying the name and address of the
25 new owner of the tax credit and the value of the credit.

26 3. The tax credits allowed pursuant to sections 135.475 to 135.487 may not be claimed
27 in addition to any other state tax credits, with the exception of the historic structures
28 rehabilitation tax credit authorized pursuant to sections 253.545 to 253.559, RSMo, which
29 insofar as sections 135.475 to 135.487 are concerned may be claimed only in conjunction with
30 the tax credit allowed pursuant to subsection 4 of section 135.481. In order for a taxpayer
31 eligible for the historic structures rehabilitation tax credit to claim the tax credit allowed pursuant
32 to subsection 4 of section 135.481, the taxpayer must comply with the requirements of sections
33 253.545 to 253.559, RSMo, and in such cases, the amount of the tax credit pursuant to
34 subsection 4 of section 135.481 shall be limited to the lesser of twenty percent of the taxpayer's
35 eligible costs or forty thousand dollars.

135.500. 1. Sections 135.500 to 135.529 shall be known and may be cited as the
2 "Missouri Certified Capital Company Law".

3 2. As used in sections 135.500 to 135.529, the following terms mean:

4 (1) "Affiliate of a certified company":

5 (a) Any person, directly or indirectly owning, controlling or holding power to vote [ten]
6 **fifteen** percent or more of the outstanding voting securities or other ownership interests of the
7 Missouri certified capital company;

8 (b) Any person [ten] **fifteen** percent or more of whose outstanding voting securities or
9 other ownership interest are directly or indirectly owned, controlled or held with power to vote
10 by the Missouri certified capital company;

11 (c) Any person directly or indirectly controlling, controlled by, or under common control
12 with the Missouri certified capital company;

13 (d) A partnership in which the Missouri certified capital company is a general partner;

14 (e) Any person who is an officer, director or agent of the Missouri certified capital
15 company or an immediate family member of such officer, director or agent;

- 16 (2) "Applicable percentage", one hundred percent;
- 17 (3) "Capital in a qualified Missouri business **or qualified Missouri agricultural**
- 18 **business**", any debt, equity or hybrid security, of any nature and description whatsoever,
- 19 including a debt instrument or security which has the characteristics of debt but which provides
- 20 for conversion into equity or equity participation instruments such as options or warrants which
- 21 are acquired by a Missouri certified capital company as a result of a transfer of cash to a
- 22 business. Capital in a qualified Missouri business shall not include secured debt instruments;
- 23 (4) "Certified capital", an investment of cash by an investor in a Missouri certified
- 24 capital company;
- 25 (5) "Certified capital company", any partnership, corporation, trust or limited liability
- 26 company, whether organized on a profit or not-for-profit basis, that is located, headquartered and
- 27 registered to conduct business in Missouri that has as its primary business activity, the
- 28 investment of cash in qualified Missouri businesses, and which is certified by the department as
- 29 meeting the criteria of sections 135.500 to 135.529;
- 30 (6) "Department", the Missouri department of economic development;
- 31 (7) "Director", the director of the department of economic development or a person
- 32 acting under the supervision of the director;
- 33 (8) "Investor", any insurance company that contributes cash;
- 34 (9) "Liquidating distribution", payments to investors or to the certified capital company
- 35 from earnings;
- 36 (10) "Person", any natural person or entity, including a corporation, general or limited
- 37 partnership, trust or limited liability company;
- 38 (11) "Qualified distribution", any distribution or payment to equity holders of a certified
- 39 capital company in connection with the following:
- 40 (a) Reasonable costs and expenses of forming, syndicating, managing and operating the
- 41 certified capital company;
- 42 (b) Management fees for managing and operating the certified capital company; and
- 43 (c) Any increase in federal or state taxes, penalties and interest, including those related
- 44 to state and federal income taxes, of equity owners of a certified capital company which related
- 45 to the ownership, management or operation of a certified capital company;
- 46 (12) "Qualified investment", the investment of cash by a Missouri certified capital
- 47 company in such a manner as to acquire capital in a qualified Missouri business, **or in the case**
- 48 **of certified capital raised after August 28, 2001, a qualified Missouri agricultural business;**
- 49 (13) **"Qualified Missouri agricultural business", any independently owned and**
- 50 **operated business, which is headquartered and located in Missouri, and which is either:**
- 51 (a) **A rural agricultural business whose projects add value to agricultural products**

52 **and aid the economy of a rural community, including any development facility as defined**
53 **in subdivision (3) of subsection 2 of section 348.430, RSMo, and whose gross sales during**
54 **its most recent complete fiscal year shall not have exceeded five million dollars; or**

55 **(b) Any business that is an eligible borrower as described pursuant to Section**
56 **4279.108 of the Rural Development Instructions of the United States Department of**
57 **Agriculture and whose gross sales during its most recent complete fiscal year shall not have**
58 **exceeded five million dollars;**

59 ~~[(13)]~~ **(14)** "Qualified Missouri business", an independently owned and operated
60 business, which is headquartered and located in Missouri and which is in need of venture capital
61 and cannot obtain conventional financing. Such business shall have no more than two hundred
62 employees, eighty percent of which are employed in Missouri. Such business shall be involved
63 in commerce for the purpose of manufacturing, processing or assembling products, conducting
64 research and development, or providing services in interstate commerce, but excluding retail, real
65 estate, real estate development, insurance and professional services provided by accountants,
66 lawyers or physicians. If such business has been in existence for three years or less, its gross
67 sales during its most recent complete fiscal years shall not have exceeded four million dollars.
68 If such business has been in existence for longer than three years, its gross sales during its most
69 recent complete fiscal year shall not have exceeded three million dollars. Any business which
70 is classified as a qualified Missouri business at the time of the first investment in such business
71 by a Missouri certified capital company shall, for a period of seven years from the date of such
72 first investment, remain classified as a qualified Missouri business and may receive follow-on
73 investments from any Missouri certified capital company and such follow-on investments shall
74 be qualified investments even though such business may not meet the other qualifications of this
75 subsection at the time of such follow-on investments;

76 ~~[(14)]~~ **(15)** "State premium tax liability", any liability incurred by an insurance company
77 pursuant to the provisions of section 148.320, 148.340, 148.370 or 148.376, RSMo, and any
78 other related provisions, which may impose a tax upon the premium income of insurance
79 companies after January 1, 1997.

135.503. 1. Any investor that makes an investment of certified capital shall, in the year
2 of investment, earn a vested credit against state premium tax liability equal to the applicable
3 percentage of the investor's investment of certified capital. An investor shall be entitled to take
4 up to ten percent of the vested credit in any taxable year of the investor. Any time after three
5 years after August 28, 1996, the director, with the approval of the commissioner of
6 administration, may reduce the applicable percentage on a prospective basis. Any such reduction
7 in the applicable percentage by the director shall not have any effect on credits against state
8 premium tax liability which have been claimed or will be claimed by any investor with respect

9 to credits which have been earned and vested pursuant to an investment of certified capital prior
10 to the effective date of any such change.

11 2. An insurance company claiming a state premium tax credit earned through an
12 investment in a certified capital company shall not be required to pay any additional retaliatory
13 tax levied pursuant to section 375.916, RSMo, as a result of claiming such credit.

14 3. The credit against state premium tax liability which is described in subsection 1 of this
15 section may not exceed the state premium tax liability of the investor for any taxable year. All
16 such credits against state premium tax liability may be carried forward indefinitely until the
17 credits are utilized. The maximum amount of certified capital in one or more certified capital
18 companies for which earned and vested tax credits will be allowed in any year to any one
19 investor or its affiliates shall be limited to ten million dollars.

20 4. Except as provided in subsection 5 of this section, the aggregate amount of certified
21 capital for which earned and vested credits against state premium tax liability are allowed for all
22 persons pursuant to sections 135.500 to 135.529 shall not exceed the following amounts: for
23 calendar year 1996, \$0.00; for calendar year 1997, an amount which would entitle all Missouri
24 certified capital company investors to take aggregate credits of five million dollars; [and for any
25 year thereafter, an additional amount to be determined by the director but not to exceed aggregate
26 credits of ten million dollars for any year with the approval of the commissioner of
27 administration and reported to the general assembly as provided in subsection 2 of section
28 33.282, RSMo, provided that the amount so determined shall not impair the ability of an investor
29 with earned and vested credits which have been allowed in previous years to take them, pursuant
30 to subsection 1 of this section] **in calendar year 1998, an amount which would entitle all**
31 **Missouri certified capital company investors, on an aggregate basis, to take an additional**
32 **five million dollars in tax credits; and for calendar year 2001, an amount which would**
33 **entitle all Missouri certified capital company investors, on an aggregate basis, to take an**
34 **additional five million dollars in tax credits. Thereafter, the aggregate amount of earned**
35 **and vested certified capital company credits that may be taken on an annual basis by all**
36 **Missouri certified capital company investors shall not exceed an amount equal to ten**
37 **percent of the cumulative credits earned in respect of certified capital invested in previous**
38 **years.** During any calendar year in which the limitation described in this subsection will limit
39 the amount of certified capital for which earned and vested credits against state premium tax
40 liability are allowed, certified capital for which credits are allowed will be allocated in order of
41 priority based upon the date of filing of information described in subdivision (1) of subsection
42 5 of section 135.516. [Certified capital limited in any calendar year by the application of the
43 provisions of this subsection shall be allowed and allocated in the immediately succeeding
44 calendar year in the order of priority set forth in this subsection.] The department shall make

45 separate allocations of certified capital for which credits are allowed under the limitations
46 described in this subsection and under the limitations described in subsection 5 of this section.

47 5. In addition to the maximum amount pursuant to subsection 4 of this section, the
48 aggregate amount of certified capital for which earned and vested credits against state premium
49 tax liability are allowed for persons pursuant to sections 135.500 to 135.529 shall be the
50 following: for calendar year 1999 and for any year thereafter, an amount to be determined by the
51 director which would entitle all Missouri certified capital company investors to take aggregate
52 credits not to exceed four million dollars for any year with the approval of the commissioner of
53 administration and reported to the general assembly as provided in subsection 2 of section
54 33.282, RSMo, provided that the amount so determined shall not impair the ability of an investor
55 with earned and vested credits which have been allowed in previous years or pursuant to the
56 provisions of subsection 4 of this section to take them, pursuant to subsection 1 of this section.
57 For purposes of any requirement regarding the schedule of qualified investments for certified
58 capital for which earned and vested credits against state premium tax liability are allowed
59 pursuant to this subsection only, the definition of a "qualified Missouri business" as set forth in
60 subdivision [(13)] **(14)** of subsection 2 of section 135.500 means a Missouri business that is
61 located in a distressed community as defined in section 135.530, and meets all of the
62 requirements of subdivision [(13)] **(14)** of subsection 2 of section 135.500, except that its gross
63 sales during its most recent complete fiscal year shall not have exceeded five million dollars.
64 During any calendar year in which the limitation described in this subsection limits the amount
65 of additional certified capital for which earned and vested credits against state premium tax
66 liability are allowed, additional certified capital for which credits are allowed shall be allocated
67 in order of priority based upon the date of filing of information described in subdivision (1) of
68 subsection 5 of section 135.516 with respect to such additional certified capital. The department
69 shall make separate allocations of certified capital for which credits are allowed under the
70 limitations described in this subsection and under the limitations described in subsection 4 of this
71 section. No limitation applicable to any certified capital company with respect to certified capital
72 for which credits are allowed pursuant to subsection 4 of this section shall limit the amount of
73 certified capital for which credits are allowed pursuant to this subsection. No limitation
74 applicable to any certified capital company with respect to certified capital for which credits are
75 allowed pursuant to this subsection shall limit the amount of certified capital for which credits
76 are allowed pursuant to subsection 4 of this section.

77 6. The department shall advise any Missouri certified capital company, in writing, within
78 fifteen days after receiving the filing described in subdivision (1) of subsection 5 of section
79 135.516 whether the limitations of subsection [3] **4** of this section then in effect will be
80 applicable with respect to the investments and credits described in such filing with the

81 department.

135.516. 1. To continue to be certified, a Missouri certified capital company shall make
2 qualified investments according to the following schedule:

3 (1) Within two years after the date on which a Missouri certified capital company is
4 designated as a Missouri certified capital company at least twenty-five percent of its certified
5 capital shall be, or have been, placed in qualified investments;

6 (2) Within three years after the date on which a Missouri certified capital company is
7 designated as a Missouri certified capital company at least forty percent of its certified capital
8 shall be, or have been, placed in qualified investments;

9 (3) Within four years after the date on which a Missouri certified capital company is
10 designated as a Missouri certified capital company, at least fifty percent of its total certified
11 capital shall be, or have been, placed in qualified investments **and in the case of any certified**
12 **capital raised after August 28, 2001, at least twenty-five percent of which in terms of**
13 **dollars shall be, or have been, placed in qualified investments in qualified Missouri**
14 **agricultural businesses.** A Missouri certified capital company may not make an investment in
15 an affiliate of the certified capital company. For the purposes of this subsection, if a legal entity
16 is not an affiliate before a certified capital company initially invests in the entity, it will not be
17 an affiliate if a certified capital company provides additional investment in such entity
18 subsequent to its initial investment;

19 (4) A certified capital company, at least fifteen working days prior to making what it
20 determines to be an initial qualified investment in a specific qualified Missouri business, shall
21 certify to the department that the company in which it proposes to invest meets the definition of
22 a qualified Missouri business pursuant to subdivision (14) of subsection 2 of section 135.500.
23 The certified capital company shall state the amount of capital it intends to invest and the name
24 of the business in which it intends to invest. The certified capital company shall also provide to
25 the department an explanation of its determination that the business meets the definition of a
26 qualified Missouri business. If the department determines that the business does not meet the
27 definition of a qualified Missouri business, it shall, within the fifteen-working-day period prior
28 to the making of the proposed investment, notify the certified capital company of its
29 determination and an explanation thereof. If the department fails to notify the certified capital
30 company with respect to the proposed investment within the fifteen-working-day period prior
31 to the making of the proposed investment, the company in which the certified capital company
32 proposes to invest shall be deemed to be a qualified Missouri business. If a certified capital
33 company fails to notify the department prior to making an initial investment in a business, the
34 department may subsequently determine that the business in which the certified capital company
35 invested was not a qualified Missouri business even though the business, at the time of the

36 investment, met the requirements of subdivision (14) of subsection 2 of section 135.500;

37 (5) All certified capital which is not required to be placed in qualified investments or
38 which has been placed in qualified investments and can be received by the company, may be held
39 or invested in such manner as the Missouri certified capital company, in its discretion, deems
40 appropriate, **including, subject to the approval of the department upon terms and conditions**
41 **determined by it, investments with an investor of the Missouri certified capital company**
42 **or an affiliate or subsidiary of such investor of the Missouri certified capital company**
43 **which is providing a guarantee, indemnity, bond, insurance policy or other guaranteed**
44 **payment undertaking in favor of the investors that have invested certified capital in the**
45 **Missouri certified capital company and which is rated AA or better by Standard and**
46 **Poor's Ratings Group or the equivalent by another nationally recognized agency.** The
47 proceeds of all certified capital which is received by a certified capital company after it was
48 originally placed in qualified investments may be placed again in qualified investments and shall
49 count toward any requirement in sections 135.500 to 135.529 with respect to placing certified
50 capital in qualified investments.

51 2. A certified capital company may make qualified distributions at any time. In order
52 to make distributions, other than qualified distributions, a certified capital company must have
53 placed an amount cumulatively equal to one hundred percent of its certified capital in qualified
54 investments **and, with respect to qualified investments made with certified capital raised**
55 **after August 28, 2001, twenty-five percent of such qualified investment must be in qualified**
56 **Missouri agricultural businesses.** Cumulative distributions to equity holders, other than
57 qualified distributions, in excess of the certified capital company's original certified capital and
58 any additional capital contributions to the certified capital company shall be subject to audit by
59 a nationally recognized certified public accounting firm acceptable to the department, at the
60 expense of the certified capital company. The audit shall determine whether aggregate
61 cumulative distributions to all investors and equity holders, other than qualified distributions,
62 when combined with all tax credits utilized by investors pursuant to sections 135.500 to 135.529,
63 have resulted in an annual internal rate of return of fifteen percent computed on the sum of total
64 original certified capital of the certified capital company and any additional capital contributions
65 to the certified capital company. Twenty-five percent of distributions made, other than qualified
66 distributions, in excess of the amount required to produce a fifteen percent annual internal rate
67 of return, as determined by the audit, shall be payable by the certified capital company to the
68 Missouri development finance board. Distributions or payments to debt holders of a certified
69 capital company, however, may be made without restriction with respect to debt owed to them
70 by a certified capital company. A debt holder that is also an investor or equity holder of a
71 certified capital company may receive distributions or payments with respect to such debt

72 without restriction.

73 3. No qualified investment may be made at a cost to a Missouri certified capital company
74 greater than fifteen percent of the total certified capital under management of the Missouri
75 certified capital company at the time of investment.

76 4. Documents and other materials submitted by Missouri certified capital companies or
77 by businesses for purposes of the continuance of certification may be deemed "closed records"
78 pursuant to the provisions of section 620.014, RSMo.

79 5. Each Missouri certified capital company shall report the following to the department:

80 (1) As soon as practicable after the receipt of certified capital, the name of each investor
81 from which the certified capital was received, the amount of each investor's investment of
82 certified capital and tax credits computed without regard to any limitations under subsection [3]
83 4 of section 135.503, and the date on which the certified capital was received;

84 (2) On a quarterly basis, the amount of the Missouri certified capital company's certified
85 capital at the end of the quarter, whether or not the Missouri certified capital company has
86 invested more than fifteen percent of the total certified capital under management in any one
87 company, and all qualified investments that the Missouri certified capital company has made;

88 (3) Each Missouri certified capital company shall provide annual audited financial
89 statements to the department which include an opinion of an independent certified public
90 accountant to the department within ninety days of the close of the fiscal year. The audit shall
91 address the methods of operation and conduct of the business of the Missouri certified capital
92 company to determine if the Missouri certified capital company is complying with the statutes
93 and program rules and that the funds received by the Missouri certified capital company have
94 been invested as required within the time limits provided by sections 135.500 to 135.529.

135.530. For the purposes of sections 100.010, 100.710 and 100.850, RSMo, sections
2 135.110, 135.200, 135.258, 135.313, 135.403, 135.405, 135.503, 135.530 and 135.545, section
3 215.030, RSMo, sections 348.300 and 348.302, RSMo, and sections 620.1400 to 620.1460,
4 RSMo, "distressed community" means either a Missouri municipality within a metropolitan
5 statistical area which has a median household income of under seventy percent of the median
6 household income for the metropolitan statistical area, according to the last decennial census,
7 or a United States census block group or contiguous group of block groups within a metropolitan
8 statistical area which has a population of at least two thousand five hundred, and each block
9 group having a median household income of under seventy percent of the median household
10 income for the metropolitan area in Missouri, according to the last decennial census. In addition
11 the definition shall include municipalities not in a metropolitan statistical area, with a median
12 household income of under seventy percent of the median household income for the
13 nonmetropolitan areas in Missouri according to the last decennial census or a census block group

14 or contiguous group of block groups which has a population of at least two thousand five
15 hundred each block group having a median household income of under seventy percent of the
16 median household income for the nonmetropolitan areas of Missouri, according to the last
17 decennial census. **For any city with a population of more than four hundred thousand**
18 **inhabitants and located in more than one county, or any county of the first classification**
19 **with a charter form of government and a population of at least nine hundred thousand**
20 **inhabitants, the definition shall include census block groups that are in or contiguous to**
21 **an urban renewal project, as defined in section 99.320, RSMo, and that contain buildings**
22 **at least fifty percent of which were constructed prior to 1951.**

208.770. 1. Moneys deposited in or withdrawn pursuant to subsection 1 of section
2 208.760 from a family development account by an account holder are exempted from taxation
3 pursuant to chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to
4 143.265, RSMo, and chapter 147, 148 or 153, RSMo, provided, however, that any money
5 withdrawn for an unapproved use should be subject to tax as required by law.

6 2. Interest earned by a family development account is exempted from taxation pursuant
7 to chapter 143, RSMo.

8 3. Any funds in a family development account, including accrued interest, shall be
9 disregarded when determining eligibility to receive, or the amount of, any public assistance or
10 benefits.

11 4. A program contributor shall be allowed a credit against the tax imposed by chapter
12 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, and
13 chapter 147, 148 or 153, RSMo, pursuant to sections 208.750 to 208.775. Contributions up to
14 fifty thousand dollars per program contributor are eligible for the tax credit which shall not
15 exceed fifty percent of the contribution amount.

16 5. The department of economic development shall verify all tax credit claims by
17 contributors. The administrator of the community-based organization, with the cooperation of
18 the participating financial institutions, shall submit the names of contributors and the total
19 amount each contributor contributes to a family development account reserve fund for the
20 calendar year. The director shall determine the date by which such information shall be
21 submitted to the department by the local administrator. The department shall submit verification
22 of qualified tax credits pursuant to sections 208.750 to 208.775 to the department of revenue.

23 6. The total tax credits authorized pursuant to sections 208.750 to 208.775 shall not
24 exceed [four] **two** million dollars in any fiscal year.

620.1450. The maximum amount of tax credits allowable pursuant to the provisions of
2 the individual training account program shall not annually exceed [six] **one** million dollars.